



COUNTY OF LOS ANGELES
CHIEF INFORMATION OFFICE


500 WEST TEMPLE STREET
493 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012

JON W. FULLINWIDER
CHIEF INFORMATION OFFICER

TELEPHONE: (213) 974-2009
FACSIMILE: (213) 633-4733

March 19, 2004

To: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina, Chair Pro Tem
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

From: Jon W. Fullinwider 
Chief Information Officer

Subject: **HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
(HIPAA) STATUS REPORT**

This is to provide you with a report on the County's status in complying with the HIPAA Transactions and Code Sets (TCS) Rules following the October 16, 2003 compliance deadline. Attachment A (Summary of HIPAA Transactions and Code Sets Status) provides a transaction-by-transaction status of the information summarized below.

Electronic TCS

Federal Readiness

On February 27, 2004, the Federal Centers for Medicare and Medicaid Services (CMS) changed the Medicare contingency plan for HIPAA that it had announced in September 2003. CMS instructed its Medicare carriers and intermediaries to lengthen the payment cycle for providers submitting claims non-compliant with the HIPAA TCS Rules from 14 days to 28 days. The effective date of this new policy is July 1, 2004. The implementation date is July 6, 2004. This is a clear indication that CMS is not willing to delay HIPAA TCS compliance indefinitely and is intensifying efforts to achieve this goal.

On March 8, 2004, the Workgroup for Electronic Data Interchange (WEDI) sent a letter to Mr. Tommy Thompson, Secretary of Health and Human Services (HHS), summarizing the findings and recommendations from a hearing held on January 27, 2004. The January 27, 2004, WEDI hearing documented that HIPAA TCS has been more difficult and more expensive than anticipated and has so far failed to realize the expected cost benefit to the health care industry.

Delayed testing by trading partners, particularly health plans and clearinghouses, has been a significant constraint on the provider organizations' ability to achieve HIPAA TCS compliance, and was the most common complaint voiced at the hearing. Some providers, unable to achieve timely TCS compliance, have reverted to submitting paper claims, exactly opposite the intent of the HIPAA legislation, and others who have attempted to submit compliant transactions have experienced payment delays. There was testimony to the effect that testing transactions did not necessarily guarantee that the production exchange of these transactions would be successful. Many individuals present felt that the HIPAA TCS implementation has been an overly ambitious undertaking from the onset, attempting to do too much too quickly.

The WEDI letter states that: "WEDI believes that the industry will continue to progress toward TCS compliance. Because of the size and complexity of the health care industry, achieving compliance will take time. As a result, WEDI reiterates its recommendation from April 15, 2003, to allow the industry flexibility in achieving compliance with the TCS standards." WEDI, consistent with County experience, sees HIPAA TCS compliance as a process more than an event. The full text of the letter to Mr. Thompson is available at: http://www.lacounty.info/omd/cms1_016016.pdf#xml http://search.co.la.ca.lus/xmlreadk2Dockey=http://www.lacounty.info/omd/cms1_016016.pdf2omd2&QueryText=

State of California Readiness

The State of California, in its Medi-Cal Update for October 2003, did not use the words "contingency plan," however; it did provide clear direction that they were planning for a staged implementation of the HIPAA transactions over a period of months rather than a hard cutover on October 16, 2003. The February 2004 Medi-Cal Update made no mention of HIPAA or any of the specific transactions in question. While progress has been made in some areas, particularly in the State Department of Mental Health (SDMH) during this last reporting period, the State may not be HIPAA compliant for some transactions within the 2004 calendar year. Neither the Department of Health Services (DHS) nor the Department of Mental Health (DMH) can complete HIPAA testing and execute compliant transactions in advance of the State and its Fiscal Intermediary (FI). The State will allow providers to process selected non-compliant transactions until advised otherwise. However, CMS's announcement on its revised contingency plan raises the question whether continued use of non-compliant transactions per the State's plan will have an impact on the County and its contract providers.

DHS is processing compliant inpatient Medi-Cal claims, and the State is returning the compliant remittance advice transactions, but the State is not expected to process HIPAA-compliant outpatient Medi-Cal claims this calendar year. The State is testing and is expected to provide their certification for production processing of HIPAA-compliant claims from the DMH this week. County of Los Angeles Readiness – Department of Health

Services (DHS)

DHS TCS compliance should be viewed based on its three separate lines of business: (1) Hospitals and Clinics, (2) Public Health, and (3) the Office of Managed Care (OMC).

Hospitals and Clinics

DHS hospitals and clinics process the vast majority of their transactions through Accordis, a clearinghouse. Accordis is submitting Medicare inpatient and outpatient 837 claims using approved HIPAA compliant Transaction Code Sets (TCS) information reflective of all-inclusive rate revenue codes. Accordis is also submitting Medicare non-hospital 837 claims to the National Heritage Insurance Co. (NHIC), the FI for Medicare.

Accordis is submitting HIPAA-compliant Medi-Cal inpatient claims to the State reflective of all-inclusive revenue codes for service dates of February 1, 2004, or later.

In a January 2004 conference call, the State indicated that they did not anticipate processing HIPAA-compliant Medi-Cal outpatient 837 claims in 2004. The County has submitted a proposal for handling these claims that the State continues to review.

DHS hospitals and OMC have reached internal agreement on an approach to provide encounter information related to Community Health Plan (CHP) members receiving care at DHS hospitals. OMC is currently installing an interface engine in its data center to allow for receipt of HIPAA-compliant 837 encounter records from DHS hospitals. DHS is completing a Change Notice to its agreement with Accordis to include the hospital encounter records in its DHS assignments. DHS anticipates completing the Change Notice in approximately 10 working days. Accordis estimates that it will take approximately 120 days to bring the encounter records into production across the DHS hospitals.

Public Health

Of the three business lines, Public Health is the lowest risk area in revenue and level of complexity. Public Health is using a combination of an existing clearinghouse relationship and a small amount of custom programming to achieve HIPAA TCS compliance. The one serious constraint to achieving HIPAA TCS compliance is that the State is not prepared to accept compliant outpatient transactions. Since Public Health clinics are submitting Medi-Cal outpatient claims, it is not anticipated that Public Health clinics will be submitting compliant claims this calendar year. The County and the State will continue to work through the testing issues necessary to assure a reliable transition to HIPAA-compliant transactions and will continue to process the non-compliant claims, traditionally submitted, during this phase-in period.

Other Public Health entities, such as the Alcohol and Drug Program Administration (ADPA) and California Children's Services (CCS) are submitting HIPAA-compliant transactions to their corresponding State agencies.

Office of Managed Care (OMC)

As a health plan, OMC is required to have the capability to process the entire suite of HIPAA TCS specified transactions, including some they have never used in the past. OMC and DHS hospitals continue to work on transitioning from the current non-HIPAA formatted data exchange between one another to HIPAA-compliant transactions. Expanded use of Accordis clearinghouse processing services and implementation of an interface engine at the OMC data center are necessary to achieve compliance and their implementation is in progress.

There are additional HIPAA TCS transactions that are not used by any of OMC's current trading partners and therefore have not been tested or implemented. Under the enforcement guidelines issued by CMS, OMC can clearly demonstrate a good faith effort and clear progress towards compliance because they have certified the conformity of their transactions through a third-party certification agency.

OMC has informed its provider community that it will follow the CMS lead and invoke a contingency plan. The contingency plan allows trading partners to continue to process pre-non-compliant transactions during a transition period following October 16, 2003, to ensure that business is not disrupted while OMC and its trading partners complete the testing necessary to assure a reliable transition to HIPAA compliant transactions.

County of Los Angeles Readiness – Department of Mental Health and Kirby Center Readiness

Subject to DMH Finance's validation of the accuracy of the latest HIPAA compliant remittance advice (835) file returned from the SDMH test system, DMH anticipates beginning production processing of HIPAA-compliant claims via the Integrated System (IS). . This is a precursor to State certification of the DMH HIPAA compliant claim (837) transaction.

As the WEDI letter to HHS suggests, although testing is important, demonstrated evidence of the IS functionality will be the delivery of compliant claims to SDMH, return of compliant remittance advice transactions to DMH and payments to providers.

There is some risk of increased claim denials during this initial processing with the State due to the new processes, systems, and code sets involved throughout the process. The County believes that DMH will be the first County mental health department to begin production processing of HIPAA-compliant transactions with SDMH.

DMH has seven categories of trading partners, listed in the table below. The table indicates the number of partners in each category and the approximate number of partners in each category that are actively using the IS. There are two methods of claim submission into the IS: 1) Electronic Data Interchange (EDI) which is the electronic submission of a group of claims and 2) Direct Data Entry (DDE) which is the entry of individual claims using a web browser. Twenty-three new sites commenced use of the IS on March 8, 2004.

Trading Partner Category	Number in Category	Number Currently Using the IS
Fee-for-Service Inpatient	32	2 DDE
FFS Network Providers	569	24 DDE 1 EDI (148 submitting paper claims that DMH temporarily enters into IS via DDE on their behalf)
Directly Operated DMH Clinics	67	8 DDE
Short-Doyle Contract Providers	352	24 DDE
Short-Doyle Hospitals	2	1 DDE
LA County Hospitals	4	1 DDE
State Department of Mental Health	1	0
US Government (Medicare)	1	0
Retail Pharmacy	111	0

Until it is certified that DMH and the State can accurately exchange and process claims and deliver accurate payments, the mental health providers are reluctant to convert to the IS and HIPAA compliant claims. Once the State begins reliably processing HIPAA-compliant 835 remittance advice transactions and issuing payments, the transition of all providers to use of the IS will be gradual.

Despite established confidence in the State's ability to deliver timely payment via a HIPAA-compliant process, use of the IS will grow incrementally over the next several months rather than immediately expand to full participation. There are two important reasons for the gradual implementation of the IS. First, not all DMH providers are ready to make the transition, even though providers were forewarned that this new practice was imminent. Secondly, bringing new providers onto the IS requires a significant amount of support from DMH to compensate for the understaffed providers at County operated and contracted sites.

The proposed approach, still under DMH management review, is to phase in the implementation of HIPAA compliance across all providers between now and June 30, 2004 as follows:

April 1, 2004 - Service Areas 1 and 2

May 1, 2004 - Service Areas 5, 6 and 8

June 1, 2004 - Service Areas 3, 4, and 7

Legal entities with provider locations in more than one Service Area will be given the option of implementing the IS at all of their sites on the same date or may opt to participate based on Service Area location.

This geographically based approach allows on-site support to be concentrated and allocated more efficiently to maximize the benefit to the providers. In addition to on-site support, the DMH I/T Help Desk is key to a successful IS implementation. Each increment of new users will result in an increase in trouble calls to the Help Desk. Bringing all providers up simultaneously runs the risk of the call volume exceeding the capacity of Help Desk resources. A staged implementation allows Help Desk staff the opportunity to handle the increased volume and return to a steady state or near steady state before the next wave approaches. It also allows Help Desk staff to build their knowledge base of known resolutions to previously identified problems which will enable staff to more quickly resolve some repetitively reported problems.

Fee-for-Service (FFS) Network Providers are not figured into this geographically staged implementation approach because these providers are generally individual practitioners or small group practices that are very unlikely to use HIPAA-compliant electronic transactions. These providers either use the DDE capabilities of the IS over the Internet or procure a billing service to handle these transactions. In either case, FFS Network Providers individually log onto the system as testing is completed and have authorized staff access the production environment.

Management and acceleration of IS deployment with FFS Network Providers is an increasing concern because, until the FFS Network Providers move onto the IS, DMH and the County's Internal Service Department/Information Technology Services (ISD/ITS) and Sierra Systems resources are required to support two different but parallel electronic billing processes. By staging the other non-FFS providers' IS implementation over several months, DMH staff will have sufficient resources to accommodate the gradual build up of the FFS user base. Another reason for this urgency is that DMH staff are manually entering paper-based claims into the IS received from 148 FFS Network Providers who are not yet using the system. This is a workload that DMH cannot permanently sustain.

The HIPAA-compliant National Council for Prescription Drug Program (NCPDP) pharmacy claim transaction was available for production use on February 9, 2004. Few pharmacy providers have completed testing the NCPDP transaction and none are actually using it in production because the current business process does not include retail pharmacies billing DMH directly. Retail pharmacies are currently paid based on a monthly report that identifies what pharmacies have been reimbursed by Medi-Cal and other payers and what the outstanding share of cost is for DMH. A post-live modification to the Integrated System is under consideration that will allow retail pharmacies to update the DMH prescription database over the Internet and eliminate an existing and cumbersome telephone-based process. This change will simplify the business process for pharmacies and provide an incentive to migrate to the HIPAA-compliant NCPDP pharmacy claims transaction.

My office continues to monitor the IS implementation and will apprise your Board of our progress. To help achieve a successful implementation of the IS, I have temporarily assigned a member of my staff to DMH to assist management with implementation activities and related technical issues.

Summary

The change in the CMS Medicare contingency plan for HIPAA that lengthens the payment cycle for providers submitting HIPAA non-compliant claims from 14 days to 28 days is expected to have no direct consequence for Los Angeles County. The importance of CMS' announcement is noted primarily by the agency's level of patience with the current pace of HIPAA TCS implementation. DHS is currently processing HIPAA-compliant claims to Medicare. The DMH is expected to complete its testing with the Medicare FI in a few weeks at which time they will commence production processing of the compliant claims.

At this time, it is unclear how Medi-Cal, a far more important County revenue source, will be impacted. Both DHS and DMH are in continuing contact with the State and will have ample opportunity to raise this and related issues. I will notify your Board should it become apparent that the change in the Medicare contingency plan has a negative impact on Medi-Cal reimbursements or cash flow.

Board of Supervisors
March 19, 2004
Page 8

While DHS outpatient Medi-Cal claims will remain non-compliant until the State brings its processing into compliance, DHS hospitals are continuing to process HIPAA TCS-compliant Medicare claims and inpatient Medi-Cal claims.

OMC and DHS hospitals have resolved the HIPAA-compliant exchange of encounter records issue and will implement the solution in approximately 120 days.

DMH anticipates delivery of 837 healthcare claims records to the State in the production environment by the end of the week, and expects expedited handling of this initial set of claims so that production 835 Remittance Advice records are sent to DMH by the end of March 2004. This action will bring key transactions into formal production use.

The next HIPAA status report to the Board will be submitted on April 16, 2004.

If you have questions or require additional information, please contact me at 213.974.2008.

JWF:BG:ygd

Attachments

c: Department Heads

**Los Angeles County
Summary HIPAA Transactions and Code Sets Status**

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DHS Hospitals and Associated Clinics	Health Care Claim (837) Outbound	Outsource to Clearinghouse (Accordis)		Inpatient - Yes Outpatient - No	Inpatient - Yes Outpatient - No	Accordis (DHS Clearinghouse) is submitting Medicare inpatient and outpatient 837 claims using approved HIPAA-compliant Transaction Code Set (TCS) information reflective of all-inclusive rate revenue codes. Accordis is submitting HIPAA-compliant Medicare non-hospital 837 claims to the Fiscal Intermediary (NHIC).
	Remittance Advice (835)	Outsource to Clearinghouse (Accordis)				Accordis is submitting HIPAA-compliant inpatient Medi-Cal claims with "from" service dates beginning February 1, 2004, through the Medi-Cal Fiscal Intermediary (EDS). The State has processed the necessary paperwork to establish new contract and non-contract Medi-Cal inpatient provider numbers as well as all electronic biller authorization forms. The State indicated that they will not be prepared to accept HIPAA-compliant outpatient claims during this calendar year.
	Eligibility Inquiry & Response (270/271)	QuadraMed Affinity/Provider Advantage 270/271				Testing has been completed with the Medicare Fiscal Intermediary (UGS). The contracted vendor is ready to accept the 835 HIPAA-compliant format and will continue to translate the data for internal DHS use. Medi-Cal is generating both the non-HIPAA and HIPAA-compliant remittance advice documents (RA's). In order for a provider to receive the HIPAA-compliant RA's, they must submit new provider enrollment forms. DHS has submitted the necessary provider enrollment forms in order to obtain the HIPAA-compliant RA's. Until the State terminates the non-HIPAA RA's, DHS plans to process both the non-HIPAA and HIPAA RA's since the non-HIPAA RA's contain additional information that does not reside on the HIPAA RA's. The State continues to operate their non-HIPAA-compliant Point-of-Service (POS) system for obtaining Medi-Cal eligibility information. The State has not officially announced when they will terminate the use of the POS system or what they will use to replace it. As a result, DHS will continue to utilize the POS. For business purposes, DHS continues its efforts to install the necessary software to process HIPAA-compliant 270/271 transactions. Olive View-UCLA Medical Center will be the pilot site for processing 270/271 transactions. This process is expected to be operational before the State system is changed to become HIPAA-compliant.
DHS Public Health Clinics	Health Care Claim (837) Outbound	Outsource to Clearinghouse (Accordis)				The administrative code sets have been implemented as scheduled on 10/16/03. Claims with service dates 09/22/03 and greater have been submitted to EDS and have been adjudicated. With regards to the implementation of national code sets, the State has not provided instructions on how to convert the local revenue codes to national codes. Therefore, until the information is received from the State, the Clearinghouse vendor, Accordis, is unable to comply with HIPAA TCS regulations. The first quarter of calendar year 2004 State implementation date reported in the last status report appears unlikely now. Beta testing has been completed with the State and Accordis has received notification that it passed all format testing.
	Remittance Advice (835)	Paper				No change to existing process.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DHS Alcohol and Drug Programs Administration	Health Care Claim (837) Outbound	Custom coded front-end upgrade to capture the HIPAA data elements. Accords, a clearinghouse, will process the actual transaction.				DHS Alcohol and Drug Programs Administration (ADPA) is ready to submit the 837 outbound transaction to State Alcohol and Drug Programs (SADP). SADP has requested that ADPA continue to submit transactions in pre-HIPAA format plus the same data in HIPAA-compliant 837 format for their verification because of the large volume of claims expected from Los Angeles County and because other Counties are not ready to send 837 submissions. SADP has informed all Counties that it will continue to receive the pre-HIPAA format claims until further notice.
	Health Care Claim (837) Inbound	Paper				No change to existing process.
	Remittance Advice Outbound (835)	Paper				No change to existing process.
	Remittance Advice Inbound (835)	Paper				No change to existing process (although the State is considering some changes in the future, after October 16, 2003).

**Los Angeles County
Summary HIPAA Transactions and Code Sets Status**

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DHS Office of Managed Care (OMC)	Health Care Claim (837) Inbound	Vendor (HMS) modifying PMS to accept HIPAA-compliant claim transactions from their out-of-plan providers.				The X.12 837 transaction is certified by Claredi; however no trading partners have contacted CHP to conduct HIPAA-compliant transactions. OMC will continue processing this transaction in pre-HIPAA format consistent with the contingency plan, or on paper, until trading partner testing is complete. OMC is currently coordinating testing with out-of-network hospitals and physicians. No negative impact to OMC business processes or revenue flow has occurred.
	Health Care Encounter (837) Inbound	Translator will be acquired to handle this transaction; Using clearinghouse (DDD) to translate incoming proprietary format to HIPAA-compliant format (837 encounter) to feed the OMC Data Warehouse				DHS hospitals and OMC have reached agreement on an approach to providing encounter information related to Community Health Plan (CHP) members receiving care at DHS hospitals. OMC is currently installing an interface engine in its data center to allow it to receive HIPAA-compliant 837 encounter records from DHS hospitals. DHS is completing a Change Notice to its agreement with Accords to include the hospital encounter records in its DHS work. DHS anticipates completing the Change Notice in approximately 10 working days. Accords estimates that it will take approximately 120 days to bring the encounter records into production across the DHS hospitals. OMC is accepting HIPAA-compliant 837 transactions from non-County providers via a clearinghouse (DDD).
	Health Care Encounter (837) Outbound	Vendor (HMS) will extract data from Data Warehouse and feed translator software to produce HIPAA-compliant transaction				DHS Information Services Branch Data and Information Services Division are working with HMS to complete configuration of the X.12 software and testing of the transaction. Projected completion is April-May 2004. LA Care has stated that they will continue to support the pre-HIPAA format for a minimum of six months. No negative impact on business processes or revenue flow is anticipated.
	Remittance Advice (835) Outbound	Vendor (HMS) modifying PMS to produce HIPAA-compliant transactions				The X.12 835 transaction is certified by Claredi, but it has not yet been tested with trading partners. DHS will continue to process this transaction in pre-HIPAA format consistent with the contingency plan until trading partner testing is complete. No negative impact on business processes or revenue flow has occurred.
	Health Care Enrollment and Disenrollment (834)	Vendor (HMS) modifying PMS to produce HIPAA-compliant transactions				OMC successfully tested the 834 transaction with Universal Care. Testing continues with other trading partners. OMC was able to process a compliant X.12 834 transaction as of October 16, 2003. State DHS did not meet the compliance deadline of 10/16/03 for this transaction except for the Healthy Families Program (HFP), which stated they are in "material compliance." DHS currently provides its eligibility roster electronically to certain plan providers, including DHS facilities. Neither the 271 nor the 834 are designed for this purpose, but if required, OMC will implement an 834 format. OMC is actively testing data received from HFP's new data vendor, Maximus, as well as LA Care, for Medi-Cal.
	Premium Payment Order / Remittance Advice (820)	The solution will require either a clearinghouse or the use of an X.12 translator.				HFP changed its Administration vendor in January 2004 and will not implement the ANSI X.12 820 transaction until mid-2004. HFP stated that the 820 electronic file they currently distribute is "materially compliant." The necessity for OMC to receive an X.12 820 transaction is settled and the need to generate an outbound 820 is being investigated. The LA County Treasurer and Tax-Collector (TTC) and the CAPS system are the recipients of the inbound 820, so there is the potential to impact their operations and the CAPS system. Approaches that minimize the impact on the TTC are preferred. Until those issues are resolved, DHS will continue to process transactions in pre-HIPAA format. No negative impact on business processes or revenue flow is anticipated. OMC I/T met with Dave Beck and Bonita Taylor from OMC Finance and a decision was made to program the PMS system to accept the 820 transaction. MRMIB, who previously reported they would be able to send the 820 in February 2004, now states that they will be ready to test the 820 in May.
	Eligibility Inquiry & Response (270/271)	Vendor (HMS) modifying PMS to produce HIPAA-compliant transactions				HMS completed testing with Claredi on 8/14/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
	Claim Status Summary (276/277)	Vendor (HMS) modifying PMS to produce HIPAA-compliant transactions				HMS completed testing with Claredi on 9/17/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
	Health Care Service Review (278)	Vendor (HMS) modifying PMS to produce HIPAA-compliant transactions				HMS completed testing with Claredi on 9/19/03. Trading partners have been contacted, but to date no providers have expressed an interest in using these transactions; hence there has been no testing with trading partners. No negative impact on business processes or revenue flow has occurred.
	NCPDP	Pharmacy Benefit Management Contractor				Contractor (PCN) responsible for HIPAA Compliance of NCPDP transactions.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DHS California Childrens Services	Health Care Claim (837) Outbound	In-house development of 837 transaction output				Submission from 10/17/03 was accepted and processed successfully by EDS. Check received 10/29/03 from State for 837 submission.
	Health Care Claim (837) Inbound	Paper				No change to existing process. (i.e., providers submit paper claims; CCS staff enters claim information into ACMS).
	Remittance Advice (835)	Vendor (EDS) supplied via website				The 835 messages were downloaded from web site on 10/21/03 and 10/28/03. Remittance Advice Report created from 835's and sent to CCS finance.
	NCPDP	Paper				


**Los Angeles County
Summary HIPAA Transactions and Code Sets Status**

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
DMH Department of Mental Health	Health Care Claim (837)	Integrated System - Wrapper of MHMIS and FFS (EDS)				The Department of Mental Health (DMH) is expected to submit HIPAA-compliant X.12 837 transactions in the production environment to the State this week, following certification of the transaction by the State. The number of Fee-for-Service Providers conducting HIPAA-compliant transactions via the Integrated System is slowly increasing and the rest are either submitting non-compliant information directly into the EDS Claims Adjudication System or into the County implementation of the EDS system operated by County ISD. The DMH contract with EDS expires March 31, 2004. Those FFS providers that are not ready to enter compliant claims into the Integrated System by April 1, 2004, will have to submit their non-compliant claims to the County version of the EDS system. The IS became available for use by Short-Doyle providers on February 9, 2004, but has yet to submit the claims to the State for payment pending formal State certification of the 837 claim transaction.
	Health Care Enrollment and Disenrollment (834)	Integrated System - Wrapper of MHMIS and FFS (EDS)				DMH has been using the Integrated System (IS) to exchange the X.12 834 HIPAA transaction with Fee-for-Service Network Providers on November 24, 2003. DMH began using IS to exchange the X.12 834 HIPAA transaction with Short-Doyle providers on February 9, 2004. State compliance status is not relevant to or a constraint on this transaction.
	Remittance Advice (835) Inbound	Integrated System - Wrapper of MHMIS and FFS (EDS)				IS is ready to process the X.12 835 transaction for Fee-for-Service Network Providers and Short-Doyle Providers, however, the State 835 file has not been validated by DMH Finance. That work is in progress and, once completed, HIPAA-compliant 837 transactions already in IS will be sent to the State. The initial batch is expected to receive expedited handling by the State so that the remittance advice transaction will be returned by the end of March 2004, rather than the usual 4 to 6 weeks. A limited number of trading partners are actively participating, but validation of the 835 and commencement of full production processing with the State is expected to reduce provider reluctance to participate. DMH will continue to process non-compliant transactions until the State is ready and for those providers not yet using the Integrated System.
	Remittance Advice (835) Outbound	Integrated System - Wrapper of MHMIS and FFS (EDS)				DMH pays some providers directly for services they provide. These providers, if using the IS, are issued HIPAA-compliant X.12 835 remittance advice transactions. While this transaction is in use, its status is "yellow" because of the limited number of trading partners involved at this time.
	Eligibility Inquiry & Response (270/271)	Integrated System - Wrapper of MHMIS and FFS (EDS)				IS has been processing HIPAA-compliant X.12 270 and 271 transactions with Fee-for-Service Network Providers since November 24, 2003, and began processing them for Short-Doyle providers on February 9, 2004. Medi-Cal will not support HIPAA-compliant eligibility transactions this year. IS has been modified to process compliant 270/271 for local trading partners and non-compliant format State transactions. DMH is managing the risk that the State may experience some difficulty in providing necessary eligibility data to Counties. DMH will continue to process transactions in pre-HIPAA format with the State until the State is ready with a compliant 270/271 transaction. No negative impact on business processes or revenue flow is anticipated.
	Authorization (278)	Integrated System - Wrapper of MHMIS and FFS (EDS)				IS began processing X.12 278 transactions with Fee-for-Service network Providers on November 24, 2003, and with Short-Doyle providers effective February 9, 2004. State Medi-Cal will not support compliant authorization transactions this year. DMH will continue to process transactions in pre-HIPAA format with the State in the meantime. No negative impact on business processes or revenue flow is anticipated.
	Health Care Claim Status Summary (276/277)	Integrated System - Administrative Transactions				DMH is presently offering the X.12 276/277 transactions to Fee-for-Service network providers who are using the Integrated System. The HIPAA-compliant X.12 276/277 transaction for contract and directly-operated Short-Doyle providers became available for production use on February 9, 2004, but it is not a transaction currently used by this group of providers, but it will likely become more important to them as more of them process HIPAA-compliant claims transactions. State Medi-Cal will not support compliant status reporting transactions this year. The complexity of managing compliant local data without corresponding State transactions will introduce minimal risk.
	NCPDP	Integrated System - Wrapper of MHMIS				The HIPAA-compliant NCPDP transaction became available for production use on February 9, 2004, however, few pharmacy providers have completed testing and none are actually using it in production because the current business process does not include retail pharmacies billing DMH directly. Retail pharmacies are currently paid based on a monthly report that identifies what pharmacies have been reimbursed by Medi-Cal and other payers and what the outstanding share of cost is for DMH to pay. A post-live modification to IS is being considered that will allow retail pharmacies to update the DMH prescription database over the Internet and eliminate an existing and cumbersome telephone-based process. This change will simplify the business process for the pharmacies and provide an incentive to move to the HIPAA-compliant NCPDP pharmacy claims transaction.

Los Angeles County
Summary HIPAA Transactions and Code Sets Status

Organization	Transactions	Compliance Strategy	County Complete & Ready To Test With Trading Partner	Trading Partner Testing Complete	Transaction in Production Use	Comments
--------------	--------------	---------------------	--	-------------------------------------	----------------------------------	----------

LEGEND:

 Step complete Not complete for reasons beyond the control of County Not complete